

ATTACHMENT 2

To: David Guy and Frances Spivy-Weber
Co-Chairs, WUE Subcommittee

From: Tom Gohring
Program Manager, Water Use Efficiency Program

Date: August 1, 2002

Re: Revised Staff Proposal for Urban Water Conservation Certification

Attached is an updated version of the Staff Proposal for Urban Water Conservation Certification. The attachment consists of two main parts: an executive summary, and a more detailed conceptual framework.

The concepts incorporated into this framework build on past urban Memorandum of Understanding (MOU) certification deliberations and have been informed by extensive discussions this spring with representatives of affected stakeholder communities (urban water suppliers, environmental organizations and CALFED agencies). Additionally, this document has been revised to incorporate comments generated during the June 24 WUE Subcommittee meeting and in public workshops held in late July in Oakland, Visalia, Los Angeles and Roseville.

The workshops, attended by approximately 120 people, offered an opportunity to clarify a number of elements included in the framework. The workshops, along with the June 24 WUE Subcommittee meeting, also generated a handful of suggestions. Below is a summary of the primary changes incorporated into the attached detailed framework – and the accompanying executive summary – based on these most recent discussions:

- **Incentives/disincentives.** Several commentors stressed the importance of ensuring that adequate financial assistance is available to those water suppliers attempting to return to compliance. The revised proposal has been updated to clarify CALFED's intent to provide continued access to loans, technical assistance and feasibility study grants to all water suppliers, regardless of compliance status.
- **Funding.** The revised proposal has been updated to reflect new certification program cost projections developed in recent weeks by CALFED, the State Board and the California Urban Water Conservation Council.
- **Wholesaler requirements.** A number of commentors raised concerns regarding wholesaler participation requirements. These comments broadly fell into two categories: (1) in geographic areas where there are multiple layers of wholesalers the program's certification requirements may prove redundant and burdensome; and, (2) wholesalers that serve only small retailers (under 3,000 connections) may be required to take actions that are not required of their retailers. CALFED staff has

added new language highlighting these possible situations and calling on the regulatory process to eliminate such redundancies.

- **Agency coordination.** Several commentors recommended that CALFED coordinate efforts among the appropriate agencies and initiatives to improve consistency and develop materials that explain the overlaps and relationships between the various conservation programs. This recommendation is reflected in expanded language in the section on regulatory linkages.
- **Adaptive management.** Several commentors emphasized the importance of articulating a process for acknowledging and refining critical data uncertainties. This recommendation is reflected in new language incorporated into the existing adaptive management component of the framework.

Workshop participants offered other comments and suggestions during the outreach meetings. CALFED staff has considered these recommendations, but opted not to revise the document at this time. Below is a brief summary of these additional comments and CALFED's accompanying rationale for not incorporating these recommendations into the attached proposal.

- **Participation thresholds.** Several meeting and workshop participants sought to better understand the participation thresholds outlined in the document. In a few cases, workshop participants called on the program to phase in participation of all water suppliers over time, starting with larger suppliers first. CALFED recognizes the value in a program that embeds across-the-board participation requirements, yet believes its original proposal offers the most viable and balanced approach. Moreover, the proposal's existing requirement to re-evaluate all participation thresholds after eight years offers an opportunity to revise cutoff levels at that time.
- **Program scope.** Several commentors suggested that the certification program should be statewide in scope and not just limited to those areas connected, directly or indirectly, to the Bay-Delta. CALFED believes it is the purview of the state legislature – and not CALFED – to expand the scope to a statewide program.
- **Program approach.** One workshop participant strongly recommended that CALFED replace the proposed approach – certifying compliance with BMP implementation – with a water-budget-based approach. In such a scenario, the proponent said, appropriate water budgets would be calculated for each retailer and access to water in drought years would be pro-rated based on retailers' past ability to meet their water budget allocations. CALFED believes that such an approach, while attractive to some stakeholders, is not currently capable of being broadly supported and may not fully account for technical and institutional barriers.
- **Funding split.** Commentors raised several equity issues regarding funding, including concerns that: (1) customers served by retailers and wholesalers might have to shoulder a greater financial burden than those served just by retailers; and, (2) wholesalers serving small retailers (under 3,000 connections) would have to pass along costs to customers in service areas below the participation thresholds. Other commentors suggested that, given the benefits to the state, funding should be borne

by all taxpayers and not just retailers and wholesalers. Finally, some workshop participants voiced concern that higher fees for exemptions could serve as a disincentive and thereby diminish creative approaches. CALFED recognizes the need to engage and resolve these issues, but believes funding-related concerns are best resolved at the state legislature or through the regulatory drafting process.

Additionally, CALFED acknowledges the WUE Subcommittee's strong interest in developing a programmatic Milestones assessment that quantifies the expected benefits of urban conservation and then lays out the possible barriers to successful implementation and potential responses. Such an assessment, while distinct from the proposed certification program, would be an important element of the WUE effort. CALFED staff intends to work with stakeholder groups to develop such a document over the next six to nine months.

We look forward to the Subcommittee's continued discussion on this topic. As this is an action item, please come prepared to develop a recommendation for consideration by the Bay-Delta Public Advisory Committee at its September meeting.

CALFED Bay-Delta Program

Staff Proposal for Urban Water Conservation Certification

A Conceptual Framework for Certifying Water Supplier Compliance with the Terms of the Urban Memorandum of Understanding

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CALFED Bay-Delta Program
Staff Proposal for Urban Water Conservation Certification
A Conceptual Framework for Certifying Water Supplier Compliance
with the Terms of the Urban Memorandum of Understanding

EXECUTIVE SUMMARY

SECTION I: INTRODUCTION

Intent and Use of This Document

This document outlines the CALFED Bay-Delta Program's proposed conceptual framework for certifying urban water conservation by testing compliance with the terms of the Urban Memorandum of Understanding (MOU).

This framework is intended to guide the development and eventual implementation of an urban water conservation certification process. Staff recognizes that this proposed approach will be reviewed and refined over the next six months through a process that will include informal briefings with affected communities, as well as formal review by CALFED public advisory bodies and CALFED agency decision-makers. Staff expects any final proposal will require legislative action during the 2003 session.

Implementation of an urban MOU certification program will necessitate resolution of outstanding issues related to program balance and technical/operational uncertainties. Successful implementation also will require funding consistent with the August 2000 CALFED Record of Decision (ROD).

CALFED recognizes that, as the program moves forward, it may well encounter unanticipated barriers and outcomes. CALFED intends to develop a programmatic Milestones analysis that quantifies the expected benefits of urban conservation and then lays out the possible barriers to successful implementation and potential responses. Such an initiative will be distinct from the proposed certification program.

CALFED Water Use Efficiency Program Background

The CALFED Bay-Delta Program is a cooperative effort among state and federal agencies and the public to ensure a healthy ecosystem, reliable water supplies, good quality water, and stable levees in California's Bay-Delta system.

The WUE element, consisting of agricultural, urban, water recycling and managed wetlands components, is one of several CALFED program elements. The ultimate goal of the WUE Element is to develop water use efficiency programs and assurances that contribute to CALFED goals and objectives, have broad stakeholder acceptance, foster efficient water use, and help support a sustainable economy and ecosystem.

A key foundation for the urban component is the California Urban Water Conservation Council's (CUWCC) Memorandum of Understanding (MOU), a broadly supported agreement specifying 14 urban water conservation best management practices (BMPs). The MOU is implemented by the CUWCC, a non-profit organization consisting of urban water suppliers, environmental organizations and other interested parties.

Impetus for the Development of an Urban Certification Conceptual Framework

The CALFED ROD includes the following commitment: “By the end of 2002, CALFED Agencies will implement a process for certification of water suppliers’ compliance with the terms of the Urban Memorandum of Understanding (MOU).” This document is an important step in fulfilling this ROD commitment.

Process for Developing the Proposed Approach

The concepts incorporated into this framework build on past urban MOU certification discussions, including: (1) statewide public workshops held in February 1999; (2) deliberations within CALFED; (3) talks within and among CUWCC participants; and, (4) previous stakeholder-to-stakeholder discussions.

As well, the proposed draft has been informed by extensive discussions over the past three months with a Staff Work Group consisting of nearly two-dozen water supplier, environmental and CALFED agency representatives and partners. Work Group members participated in this informal public forum as individuals and were not convened to provide consensus advice. Meetings were noticed and open to the public.

WUE staff believes this framework is well informed, acknowledges urban water suppliers’ past conservation efforts, is capable of being broadly supported by affected stakeholder communities and provides sufficient detail to move forward with policy-level discussions on certification implementation.

SECTION II: DESCRIPTION OF PROPOSED CERTIFICATION PROCESS

Framework Considerations

WUE staff has identified several critical issues that need to be addressed prior to the enactment of legislation and subsequent implementation. These issues include: (1) resolving MOU-related technical/operational uncertainties; (2) incorporating a balanced and compelling package of incentives and disincentives; (3) integrating an urban certification framework with existing California Public Utilities Commission (CPUC) processes; (4) refining urban MOU certification program costs and funding estimates; and, (5) assessing Program balance, both within WUE and across all CALFED elements. The framework puts forward a suggested timeframe for CALFED policy-making bodies to engage and resolve these issues.

Underlying Rationales

In developing the proposed conceptual framework, WUE staff has crafted an approach intended to be consistent with a handful of driving rationales. These include: (1) build upon the CUWCC’s experience and expertise; (2) rely on an independent entity, not the CUWCC, to take on the formal certification and appeals responsibilities; (3) develop a framework in a balanced manner that furthers conservation efforts, supports CALFED objectives and preserves the MOU’s flexibility; (4) build capacity and awareness among smaller and disadvantaged water suppliers; (5) focus certification initially on a limited number of water suppliers; (6) minimize redundancies and inconsistencies with existing regulatory and planning processes; and, (7) recognize the value of and need for an adaptive management approach.

Conceptual Framework – Key Elements

Below is a brief synopsis of the proposed conceptual framework's key elements. The proposed framework is intended to lay out a broad conceptual approach to guide the eventual development of legislation; in some cases, greater detail is provided to make explicit those considerations stakeholders identified as being important to maintaining broad support. It is anticipated that legislative deliberations and subsequent promulgation of certification regulations, including input received through public hearings, may bring about changes to this proposed framework.

The key elements of the proposed conceptual framework are:

1. **Certification Participation and Schedule:** Participation in the certification program is required only of urban retail water suppliers with 3,000 or more connections and urban wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet that are directly or indirectly hydrologically connected to the Bay-Delta.
2. **MOU Compliance Criteria:** The basis for certification criteria is the CUWCC's urban MOU. Retail water suppliers with between 3,000 and 20,000 connections are responsible only for filing reports on BMP implementation. Retailers with more than 20,000 connections and wholesalers with more than 3,000 acre-feet annual delivery are responsible for filing reports and being found to be in compliance with the terms of the MOU. (See Table 1 on the following page.) Compliance with the MOU may be achieved by implementing applicable BMPs or seeking variances for "at least as effective actions" or cost-effectiveness exemptions. The intent of the framework is to embed and build on the MOU's inherent flexibility.

Table 1: Water Supplier Participation, Schedule, And Compliance Requirements

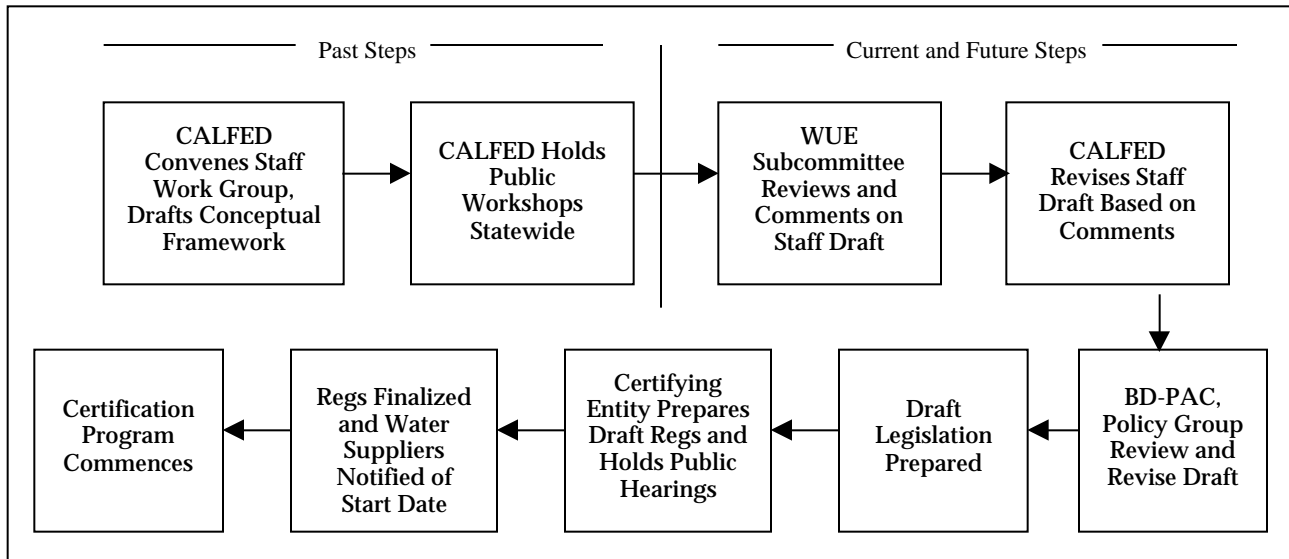
Water Supplier Category	MOU Compliance Requirements		MOU Compliance Audits
	BMP Reporting	BMP Implementation and Exemptions	
Retail Water Supplier			
Less than 3,000 connections	None	None	None
3,000 to 20,000 connections	Submit report on BMP implementation every 2 years	State Board verification that report filed every 2 years.	None
More than 20,000 connections	Submit report on BMP implementation every 2 years	<ul style="list-style-type: none">State Board verification that report filed every 2 years.State Board review every 2 years of water supplier exemptionsState Board review every 4 years that water supplier is complying with MOU	Subject to random audit by State Board to verify BMP report data
Wholesale Water Supplier			
Less than 3,000 AF annual delivery	None	None	None
More than 3,000 AF annual delivery	Submit report on BMP implementation every 2 years	<ol style="list-style-type: none">State Board verification that report filed every 2 years.State Board review every 2 years of water supplier exemptionsState Board review every 4 years that water supplier is complying with MOU	Subject to random audit by State Board to verify BMP report data

3. **Roles—Certification Entity and Partners:** The State Water Resources Control Board (State Board) is to be responsible for implementing the program, including making and enforcing decisions on individual water supplier compliance. The CUWCC has primary responsibility for defining and revising the terms of the MOU, maintaining a web-based database for BMP implementation, and providing technical support to water suppliers implementing and reporting BMPs. The Department of Water Resources (DWR) and the U.S. Bureau of Reclamation (USBR) are to assist in providing technical and financial assistance.
4. **Program Incentives/Disincentives:** Incentives and disincentives to promote compliance with timely BMP reporting and the MOU are to include public notice of certification status and eligibility to apply for WUE financial assistance programs. Other incentives/disincentives are expected to be considered by policy-level CALFED stakeholder and agency groups. Incentives are to be emphasized over disincentives, and disincentives are to be graduated over time. Appropriate financial and technical assistance will be made available to help water suppliers' return to compliance.
5. **Relationships Between Wholesale/Retail Urban Water Suppliers:** The MOU's primary wholesaler-related BMP (#10) is to be refined to set measurable performance standards. Wholesale and retail suppliers are to retain flexibility in designing and implementing locally cost-effective BMP conservation programs, including regional programs designed and/or implemented cooperatively by wholesale and retail suppliers. Wholesaler and retailer compliance status and eligibility for incentives/disincentives are not to be linked. Program regulations are to be structured in a manner that acknowledges and eliminates potential redundancies and inconsistencies among wholesalers and their retailers.
6. **Regulatory Linkage Considerations:** CALFED will work with DWR, USBR, and the CPUC to ensure consistency and a minimum of overlap between the urban MOU certification program and these agencies' regulatory and planning processes affecting water supplier conservation planning and program implementation.
7. **Funding Considerations.** CALFED estimates it will cost between \$1.9 million and \$2.6 million per year to administer an urban certification program: \$1.3 to \$1.8 million for SWRCB activities and \$600,000 to \$800,000 for CUWCC activities. Allocation of costs among wholesalers, retailers, ratepayers, and CALFED agencies is not yet determined. CALFED intends to work with appropriate stakeholder and CALFED decision-making bodies to develop refined cost estimates and alternative fee-based strategies.

SECTION III: NEXT STEPS

The approach outlined in this document is a staff-driven proposal informed by numerous discussions with CALFED agencies and with a diverse subset of urban water supplier and environmental stakeholders. It also has been informed by a series of public workshops conducted throughout the state in late July. As noted earlier, the approach will be further reviewed and refined through a public process that will include formal review and discussion with CALFED public advisory bodies and CALFED agency decision-makers. (See Figure 1 below.)

Figure 1: Expected Process to Develop an Urban MOU Certification Program



Expected next steps are include the following:

- **CALFED Policy-Level Review.** WUE staff will discuss its recommended approach with various CALFED decision-making bodies, including the WUE Subcommittee, the Bay-Delta Public Advisory Committee and the CALFED Policy Group. A final recommendation on moving forward with draft legislation is expected by late 2002.
- **Legislative Deliberations.** WUE staff will work with legislative staff, as appropriate, to develop draft legislation based on the conceptual framework and subsequent discussions among stakeholder group and CALFED decision-making bodies. Legislation is expected to be considered in the 2003 session.
- **Regulation Development.** Following the enactment of legislation, the implementing entity will develop proposed regulations, seek feedback at public hearings and then promulgate a final set of regulations. As noted earlier, key technical and operational uncertainties need to be resolved prior to implementation.
- **Program Implementation.** Program implementation is expected to begin with the notification of affected water suppliers of certification schedule and requirements.

CALFED Bay-Delta Program**Staff Proposal For Urban Water Conservation Certification****Staff Conceptual Framework for Certifying Water Supplier Compliance
with the Terms Of The Urban MOU****DETAILED FRAMEWORK****SECTION 1: BACKGROUND**

The August 2000 CALFED Record of Decision (ROD) includes the following commitment: “By the end of 2002, CALFED Agencies will implement a process for certification of water suppliers’ compliance with the terms of the Urban Memorandum of Understanding (MOU).”

The MOU, implemented by the California Urban Water Conservation Council (CUWCC), is a broadly supported agreement specifying 14 urban water conservation best management practices (BMPs). The CUWCC is a non-profit organization consisting of urban water suppliers, environmental organizations, and other interested parties charged with overseeing the BMP process outlined by the MOU.¹ Within this document, the term “water supplier” refers to a discrete water supplier service area. Some water agencies and investor-owned utilities have multiple service areas.

Consistent with this ROD commitment, the CALFED Water Use Efficiency (WUE) Program is putting forward this proposed urban certification framework. WUE staff believes this framework – developed with input from a CALFED-convened Staff Work Group² -- is well informed, acknowledges past conservation efforts, is capable of being broadly supported by affected stakeholder communities and provides sufficient detail to move forward with policy-level discussions on certification implementation.

¹ Since 1991, 166 urban water suppliers, 29 environmental organizations, and 65 other interested parties have signed the MOU. (See **Attachment 1** for a listing of all 14 BMPs. See **Attachment 2** for a conceptual diagram of MOU compliance for BMP implementation.)

² The Staff Work group consisted of nearly two dozen water supplier, environmental and CALFED agency representatives. (See **Attachment 3** for a roster of participants.) Work Group members participated in this informal public forum as individuals and were not convened to provide consensus advice. Meetings were noticed and open to the public.

SECTION 2: IMPLEMENTATION-RELATED CONSIDERATIONS

In developing this proposed urban certification framework, WUE staff has identified several issues that need to be discussed and resolved prior to implementation. These topics – and an associated timeframe – include:

By September 2002:

Program Balance Discussions. In considering whether to authorize staff to draft and move forward with draft legislation, the WUE Program anticipates that stakeholders and policy-makers will wish to consider how urban certification will fit within the context of overall CALFED program balance. CALFED recognizes the need for balanced³ implementation across and within all CALFED Program elements (Ecosystem Restoration, Storage, Conveyance, Water Transfers, Drinking Water Quality, Watersheds, Science, Water Management, Environmental Water Account, Levee System Integrity, and Water Use Efficiency). To that end, the Bay-Delta Public Advisory Committee (BD-PAC) and the CALFED Policy Group are expected to:

- (1) Review the mix of incentives and disincentives associated with the proposed framework. The WUE Program recognizes the need to incorporate a balanced and compelling package of incentives and disincentives to foster effective urban certification program implementation. (Please see the section on incentives/disincentives.) Additional incentives/disincentives have been suggested by some stakeholder groups, but discussions related to these options are being deferred to higher policy-level bodies. These options may include linkages to: conservation elements of permitting processes, CALFED water supply-related benefits, and other (non-WUE) CALFED grants and loans.
- (2) Take stock of overall progress on urban WUE Program implementation (grant and loan funding, technical assistance, science and certification), other WUE Program components and other CALFED Program elements (see list above).

By December 31, 2002:

Progress on Technical/Operational Issues. The WUE Program recognizes the need to resolve several technical/operational issues prior to implementation. To ensure sufficient progress on these issues, the WUE Program expects to see – by the end of 2002 – the development of draft criteria and work plans for addressing these technical/operational issues, including, but not limited to:

- (1) Identifying the relevant criteria within each Best Management Practice (BMP) that must be satisfied to be considered in compliance;⁴

³ CALFED recognizes that all of its program elements are interrelated and interdependent. To that end, the ROD calls for the maintenance of an implementation schedule that ensures achievement of balanced solutions in all program areas over time.

⁴ The total list of criteria is recorded in the sections entitled “Criteria to Determine BMP Implementation Status” for each BMP in Exhibit 1 of the CUWCC MOU.

- (2) Determining methodologies related to both “at least as effective as” variances and cost-effectiveness exemptions; and
- (3) Refining BMP 10 to incorporate measurable performance standards for water wholesalers.

The California Urban Water Conservation Council is currently working on these issues and anticipates making progress, although not full resolution, by the end of 2002.

Draft Legislation. Assuming that CALFED agencies move forward with certification in the near-term, CALFED recommends that any legislative language related to an urban certification process be drafted in a manner consistent with this framework. To satisfy ROD commitments, CALFED will work with appropriate legislative and CALFED Agency staff to develop draft legislation and an associated budget by the end of 2002. CALFED further recommends that any authorizing legislation call for regulatory language to be developed with the collaborative involvement of a balanced stakeholder group familiar with the intent of this framework.

Prior to Program Implementation:⁵

Resolution of Technical/Operational Issues. Implementation of an Urban MOU Certification Program will require resolution of the technical/operational issues identified above. The WUE Program expects these issues to be resolved by the end of 2003; CALFED agencies will provide financial and technical support to facilitate such progress.

Regulatory Language. Implementation of an Urban MOU Certification Program will require the adoption of regulatory language consistent with this framework. As noted above, CALFED recommends that regulatory language be drafted with the input of stakeholders familiar with this framework.

Resolution of Incentives/Disincentives. Implementation of an Urban MOU Certification program will require agreement on the mix of incentives and disincentives as discussed earlier.

California Public Utilities Commission (CPUC) Linkages. Implementation of an Urban MOU Certification process will incorporate any action(s) that result from CPUC/CALFED efforts to initiate an “Order Instituting Investigation” (OII) intended to identify possible needs and strategies (for example, rate of return incentives/disincentives, expedited rate case processing) for integrating the proposed Urban MOU Certification Framework with existing CPUC processes.

Additionally, the CUWCC and DWR will make available relevant information (e.g., BMP Implementation Reports, Urban Water Management Planning Act conservation plan reviews) to the CPUC.

⁵ Implementation begins when regulations take effect.

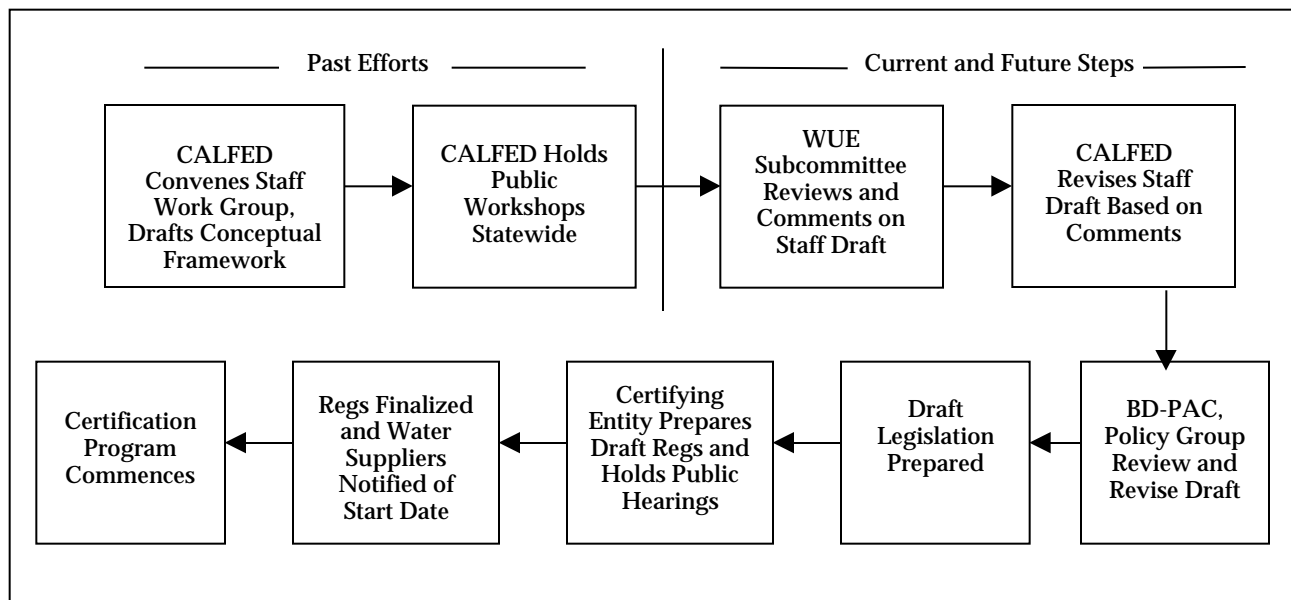
CALFED Post Year-Four Balancing Discussions

CALFED staff further recommends that the Bay-Delta Public Advisory Committee (BD-PAC) and the CALFED Policy Group consider the following issues as part of its planned balancing discussions after the fourth year of CALFED implementation:⁶

- (1) **Performance of Urban Certification.** CALFED acknowledges that water conservation is part of its overall water management strategy. Accordingly, CALFED should take into consideration the performance of conservation activities (including urban certification) and conservation potential when discussing other water management options such as storage and conveyance.⁷
- (2) **Effectiveness of Urban MOU certification incentives/disincentives package.** As noted earlier, a final urban certification program will include a range of incentives/disincentives for compliance with urban certification. In assessing the program's implementation to date, policymakers are expected to review the effectiveness of these incentives/disincentives and consider appropriate modifications.

Figure 1 below shows the expected steps in the development of an Urban MOU certification program.

Figure 1: Expected Process to Develop an Urban MOU Certification Program



⁶ Although CALFED will continuously evaluate program balance, a more in-depth balancing discussion is expected after Year 4 when a comprehensive 4-year evaluation of Water Use Efficiency is available (ROD Action #174) and planned storage projects are scheduled for authorization.

⁷ An assessment of performance and conservation potential will require advances in measurement, monitoring and verification.

SECTION 3: FRAMEWORK RATIONALE

The elements included in the draft certification framework described below are grounded in the following driving rationales:

- Build upon CUWCC experience and expertise, while preserving the impartiality and collegiality of the CUWCC MOU process.
- Rely on an independent entity with enforcement capabilities – not the CUWCC – to take on the formal certification and appeals responsibilities.
- Identify, refine and resolve critical technical and analytic issues prior to formally implementing an urban MOU certification program.
- Develop a certification framework in a balanced manner that furthers urban water conservation efforts, supports CALFED objectives and preserves the flexibility embodied in the MOU.
- Build capacity and awareness, via technical assistance and financial incentives, among smaller and disadvantaged water suppliers, thereby recognizing and accounting for the resource and technical expertise limits constraining their participation. This includes water suppliers that currently are small enough to be exempted from the proposed urban MOU certification requirements, but may meet the participation criteria in the near future.⁸
- Focus certification, at least initially, on a limited number of water suppliers in a balanced manner that takes into consideration, among other things: percentage of population served; mix of CUWCC MOU signatory and non-signatory water suppliers; workload/resource constraints of the certifying entity; and potential water savings.
- Structure an urban certification framework in a manner that minimizes redundancies and inconsistencies with existing regulatory and planning processes, such as the CPUC, CVPIA, and Urban Water Management Plans.
- Recognize the value of and need for an adaptive management approach that ensures ongoing assessments and appropriate revisions to an urban MOU certification process.

⁸ CALFED agencies will consider other options to facilitate the participation of smaller and disadvantaged water suppliers, including possible funding set-asides.

SECTION 4: PROPOSED FRAMEWORK

Certification Participation and Schedule⁹

The proposed water supplier program participation criteria are as follows below and in Table 1:

- (1) Urban retail water suppliers with 3,000 or more connections that are directly or indirectly hydrologically connected to the Bay-Delta shall report on BMP implementation and BMP exemptions or variances to the State Water Resources Control Board (State Board) via the CUWCC's BMP reporting system every two years.¹⁰
- (2) Urban wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet that are directly or indirectly hydrologically connected to the Bay-Delta shall report on BMP implementation and BMP exemptions or variances to the State Board via the CUWCC's BMP reporting system every two years.¹¹
- (3) Urban retail water suppliers with 20,000 or more connections and urban wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet that are directly or indirectly hydrologically connected to the Bay-Delta are subject to review of BMP exemptions by the State Board every two years.¹²
- (4) Urban retail water suppliers with 20,000 or more connections and urban wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet that are directly or indirectly connected to the Bay-Delta are subject to review of MOU compliance by the State Board every four years.
- (5) Within one year following the completion of the second MOU compliance review cycle, it is proposed that the State Board review program performance and consider expansions to participation criteria as warranted.

⁹ CALFED assumes the certifying entity will put forward, through regulation, a schedule that staggers certification to avoid workload peaking.

¹⁰ The appropriate CALFED agency or agencies will define criteria for determining if a water supplier is directly or indirectly hydrologically connected to the Bay-Delta and develop the starting list of retail and wholesale water suppliers meeting these criteria. Based on preliminary data it is estimated that there are approximately 300 retail water suppliers meeting this criterion.

¹¹ Based on preliminary data it is estimated that there are approximately 30 wholesale water suppliers meeting this criterion.

¹² Based on preliminary data it is estimated that there are approximately 100 retail and 30 wholesale water suppliers meeting this criterion.

Table 1: Water Supplier Participation, Schedule, And Compliance Requirements

Water Supplier Category	MOU Compliance Requirements		MOU Compliance Audits
	BMP Reporting	BMP Implementation and Exemptions	
Retail Water Supplier			
Less than 3,000 connections	None	None	None
3,000 to 20,000 connections	Submit report on BMP implementation every 2 years	State Board verification that report filed every 2 years	None
More than 20,000 connections	Submit report on BMP implementation every 2 years	1. State Board verification that report filed every 2 years 2. State Board review every 2 years of water supplier exemptions 3. State Board review every 4 years that water supplier is complying with MOU	Subject to random audit by State Board to verify BMP report data
Wholesale Water Supplier			
Less than 3,000 AF annual delivery	None	None	None
More than 3,000 AF annual delivery	Submit report on BMP implementation every 2 years	1. State Board verification that report filed every 2 years 2. State Board review every 2 years of water supplier exemptions 3. State Board review every 4 years that water supplier is complying with MOU	Subject to random audit by State Board to verify BMP report data

MOU Compliance Criteria

The basis for urban certification criteria is the urban MOU.¹³ The proposed criteria for determining water supplier compliance with the MOU are as follows (see also Table 1 above):¹⁴

Retail Water Suppliers with Between 3,000 and 20,000 Connections

Every two years, the State Board confirms that:

- (1) the water supplier has submitted to the CUWCC complete reports on BMP implementation, variances and exemptions, if any, in accordance with the reporting schedule adopted for this program.¹⁵

¹³ It is recognized that the Urban MOU is not static and may change over time (i.e., BMPs and key analytic methods may be revised). Consequently, compliance criteria may evolve over time as well.

¹⁴ These criteria relate directly to the terms and conditions of the MOU. Specifically, they reference Exhibit 1, Exhibit 3, and Sections 4.4, 4.5, 4.6, and 6.2 of the MOU.

¹⁵ As outlined elsewhere in this document, the CUWCC will forward findings from its database to facilitate State Board staff action on this item. These reports will be checked for compliance with CUWCC filing requirements only. Information in the reports will not be independently verified. These submittals would also satisfy California Water Code section 10631 (f) and (g) demand management filing requirements as called for in the Urban Water Management Planning Act (UWMPA).

Retail Water Suppliers with 20,000 or More Connections and Wholesale Water Suppliers with average annual deliveries of 3,000 or more acre-feet¹⁶

Every two years, the State Board confirms that:

- (1) the water supplier has submitted to the CUWCC complete reports on applicable BMP implementation and exemptions in accordance with the reporting schedule adopted for this program;¹⁷

AND

- (2) For each applicable BMP the water supplier has elected not to implement, the water supplier has substantiated to the State Board at least one of the following:
 - (i) A full cost-benefit analysis, performed in accordance with the principles set forth in Exhibit 3 (and associated MOU guidelines and criteria), demonstrating that either the BMP (i) would not be cost-effective overall when total program benefits and costs are considered; OR (ii) would not be cost-effective to the individual water supplier even after the water supplier has made a good faith effort, as defined in MOU Section 4.4., to share costs with other program beneficiaries; or
 - (ii) Adequate funds are not and cannot reasonably be made available from sources accessible to the water supplier including funds from other entities. However, this exemption cannot be used if a new, less cost-effective water management option would be implemented instead of the BMP for which the water supplier is seeking this exemption; or
 - (iii) Implementation of the BMP is (i) not within the legal authority of the water supplier; and (ii) the water supplier has made a good faith effort, per MOU section 4.4., to work with other entities that have the legal authority to carry out the BMP; and (iii) the water supplier has made a good faith effort, per MOU section 4.4, to work with other relevant entities to encourage the removal of institutional barriers to the implementation of BMPs within its service area.

Every four years, the State Board confirms that:

- (1) the water supplier is implementing all applicable BMPs (for which it has not received an exemption).^{18, 19}

¹⁶ State Board MOU compliance reviews would be used to verify and assure that BMP implementation is occurring per the terms of the MOU. Initially it is proposed to limit reviews to retail water suppliers with 20,000 or more connections and wholesale water suppliers with annual deliveries of 3,000 or more acre-feet to balance resource requirements of the State Board and water suppliers undergoing review with the ROD requirement to verify and assure that BMP implementation is occurring on a broad scale.

¹⁷ While reporting for water retailers with greater than 3,000 connections and wholesalers with average annual deliveries of 3,000 or more acre-feet would be required every two years, data would still be provided to the CUWCC in annual increments.

- (i) In accordance with the definitions, schedule, implementation criteria, and coverage requirements set forth in MOU Exhibit 1; or
- (ii) In a manner deemed by the State Board to satisfy the CUWCC's criteria for "at least as effective as" implementation;

OR

- (2) the water supplier is not implementing all applicable BMPs (for which it has not received exemption) in accordance with (1) above, but the water supplier has substantiated²⁰ at least one of the following:
 - (i) That after a good faith effort, as defined by MOU section 4.4., to implement the BMP(s) within the time prescribed, implementation is not feasible pursuant to the schedule in Exhibit 1; or
 - (ii) That implementation of one or more BMPs prior to other BMPs would have a more positive effect on conservation or water supplies than would adherence to the schedule in Exhibit 1; or
 - (iii) That implementation of one or more CUWCC-designated Potential BMPs (PBMPs) or other conservation measures prior to one or more BMPs would have a more positive effect on conservation or water supplies than would adherence to the schedule in Exhibit 1.

Roles—Certification Entity and Partners

The following delineation of responsibilities between the State Board, the CUWCC, and other partners for the implementation and administration of the certification program is proposed.

¹⁸ BMPs that apply to retail water suppliers are: 1-9, and 11-14. BMPs that apply to wholesale water suppliers are: 3, 4, 7, 8, 10, 11, and 12.

¹⁹ It is recognized that revisions by the CUWCC to the financial support, technical support, and program management provisions of BMP 10 may be required to implement the certification program. These performance standards would adhere to the spirit and intent of the existing wholesaler BMP. Development of any set of measurable performance standards would be informed by a review of wholesale water supplier programs and policies that have successfully supported BMP implementation programs in the past.

²⁰ The documentation water suppliers will be expected to provide remains to be defined by the CUWCC.

State Water Resources Control Board

- (1) Based on CUWCC-determined standards, evaluative criteria, and methodologies for assessing MOU compliance, make and enforce decisions related to water supplier compliance with:²¹
 - (i) MOU reporting requirements²²;
 - (ii) BMP exemption requirements;
 - (iii) “At least as effective as” BMP variances;
 - (iv) Overall MOU compliance.

It is anticipated that these decisions would be made at the staff level.²³

- (2) Develop and administer an appeals process for BMP exemption and MOU compliance determinations that is consistent with existing State Board appeals structures and processes. It is anticipated that appeals decisions would be made at the Board level.
- (3) Develop and implement a process to periodically audit water supplier BMP data submittals to verify the validity and accuracy of their reporting on BMP implementation. Audits would apply only to retail water suppliers with 20,000 or more connections and wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet. Audits would be conducted by an independent (non-CALFED agency) auditor reporting directly to the Board. Random audits would be conducted for approximately three to five water supplier BMP filing submissions each year.²⁴
- (4) Convene a public advisory group to advise the State Board on matters relating to certification of compliance with the urban MOU. The advisory group would not provide recommendations on decisions pertaining to certification of individual water suppliers; nor would it have an enforcement function.
- (5) Work with the CPUC to integrate implementation of urban MOU certification with existing CPUC processes, including providing the CPUC with regular updates on certification findings and status for applicable IOUs.

²¹ The basis for urban certification is the urban MOU. As the MOU evolves over time, it is recognized that the State Board will rely on a legislatively appropriate mechanism to incorporate MOU revisions into its certification process.

²² As will be subsequently discussed, the CUWCC would be responsible for reviewing the completeness of water supplier BMP implementation-related data prior to compiling reports to the State Board on water supplier reporting.

²³ Routine staff decisions might need to be forwarded to the board as part of a consent calendar. This idea is still under discussion.

²⁴ The documentation that will be required to support an auditing process remains to be defined by the State Board.

CUWCC

The CUWCC's involvement with the certification program is focused on providing objective support to water suppliers and the State Board. It will not be involved in evaluating an individual water supplier's compliance status. Specifically, the CUWCC's role is as follows:

- (1) Oversee the MOU process, including
 - (i) Definition and revision of MOU terms and conditions including, but not limited to, coverage requirements and implementation schedules;
 - (ii) Definition and revision of BMPs and PBMPs;
 - (iii) Establishment of criteria for determining “at least as effective as” BMP variances;
 - (iv) Establishment of criteria and guidelines for conducting benefit-cost analyses of BMPs and PBMPs;²⁵
 - (v) Creation of methodology and guidelines for estimating water savings for BMP implementation per Exhibit 1 requirements.
- (2) Provide technical assistance to water suppliers implementing BMPs,²⁶ including
 - (i) Assistance with BMP program design, implementation and evaluation;
 - (ii) Assistance with BMP benefit-cost analysis and exemption applications;
 - (iii) Assistance with “at least as effective as” analysis and program design.
- (3) Conduct research and evaluation of BMP and other conservation programs, including
 - (i) analysis of program water savings;
 - (ii) compilation of program cost information;
 - (iii) review and evaluation of PBMPs.
- (4) Maintain the BMP reporting system and collect BMP reports from water suppliers.

²⁵ This will require the development of an appropriate framework for estimating avoided costs attributable to conservation.

²⁶ This technical assistance will be provided to CUWCC members and non-members. The CUWCC will set up an appropriate fee-for-service system to cover costs associated with technical assistance provided to non-members.

- (5) Compile and review for completeness BMP implementation data submitted by water suppliers and forward summary information to State Board for use in MOU compliance decision-making, including
 - (i) Water supplier reporting history;
 - (ii) Water supplier BMP implementation history;
 - (iii) Water supplier BMP coverage status.
- (6) Upon request of State Board, provide data on water supplier programs, service area characteristics, or other data required by State Board during compliance reviews and decisions.
- (7) Make available to the CPUC MOU reporting data for IOUs as well as other technical information on BMP/MOU requirements.

Department of Water Resources (DWR)

- (1) Provide technical and financial assistance to water suppliers implementing BMPs.
- (2) Assist in providing appropriate linkages to UWMPA review process, while eliminating inconsistencies and minimizing redundancies.
- (3) Make available to the CPUC UWMPA conservation plan reviews (receipt status and completeness) for applicable IOUs.

U.S. Bureau of Reclamation (USBR)

- (1) Provide technical and financial assistance to water suppliers implementing BMPs.
- (2) Assist in providing appropriate linkages to CVPIA and Colorado River 4.4 Plan review processes, while eliminating inconsistencies and minimizing redundancies.

CALFED Bay-Delta Program²⁷

- (1) CALFED will work with the CPUC to identify needs and strategies for integrating the proposed urban certification program with existing CPUC processes.

²⁷ Though not part of this framework, CALFED will work with stakeholders to develop a programmatic Milestones analysis that quantifies the expected benefits of urban conservation and then lays out the possible barriers to successful implementation and potential responses.

Incentives/Disincentives

The proposed framework embodies the following general conditions for applying program incentives and disincentives associated with MOU compliance status:

- (1) To facilitate certification start-up efforts, all water suppliers meeting reporting requirements but not yet reviewed for compliance are to be considered eligible to apply for program incentives and technical assistance.
- (2) Within the compliance element of the certification process, incentives are to be emphasized over disincentives.
- (3) Disincentives are to be graduated over time in terms of type and severity and may be reserved for cases of persistent non-compliance.
- (4) Water suppliers found by the State Board to be out of compliance with the MOU are to be subject to program disincentives (see below) until the State Board finds them to be back in compliance.²⁸
- (5) CALFED agencies will work to enable IOUs to participate on an equal footing with public water agencies in access to all grant funding and low interest loans where all such incentives are only for the benefit of the ratepayer.

Program Reporting Requirements: Incentives/Disincentives²⁹

Incentives to promote timely reporting and disincentives to discourage avoidance of reporting by participating water suppliers include the following:

- (1) Reminder notices will be sent by the CUWCC to each participating water supplier twelve months, six months, and three months prior to the prescribed report due date. These notices will direct water suppliers to available technical resources and assistance for reporting.
- (2) The State Board will maintain a publicly available list of water suppliers that have submitted reports within the prescribed schedule. Conversely, the State Board will also keep current a publicly available list of participating water suppliers that have failed to submit complete program reports within the prescribed schedule.
- (3) Failure to submit a program report by the prescribed report due date will trigger a letter from the State Board to the water supplier's general manager notifying the general manager of this fact and possible consequences and remedies.

²⁸ The State Board will develop a process to enable water suppliers deemed to be out of compliance to be re-reviewed on an accelerated basis.

²⁹ These incentives/disincentives apply to all retail water suppliers with 3,000 or more connections and wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet.

- (4) Eligibility to apply for WUE implementation financial assistance programs³⁰ -- including WUE grant programs operated by DWR, USBR, and the State Board -- will be conditional on meeting State Board certification program reporting requirements. Conversely, water suppliers failing to meet program reporting requirements within the prescribed schedule will be ineligible to apply for WUE implementation financial assistance programs until reporting requirements are met.

BMP Implementation and Exemptions: Incentives/Disincentives³¹

Incentives and disincentives to promote compliance with the MOU include the following:³²

- (1) The State Board will maintain a publicly available list of the compliance status for each participating water supplier. Water suppliers failing to meet the MOU compliance criteria discussed previously will be listed as not in compliance with the MOU.
- (2) Water suppliers listed as not in compliance with the MOU will be directed towards CUWCC and CALFED agency technical assistance and will receive specific information on what actions are needed to restore compliance.
- (3) Water suppliers found to be in compliance with the MOU will be eligible to apply for WUE financial assistance, including WUE grant and loan programs operated by DWR, USBR, and the State Board. Conversely, water suppliers listed as not in compliance with the MOU will not be eligible to apply for WUE financial assistance until the State Board finds them to be back in compliance.
- (4) The State Board will develop an extended review cycle and other appropriate mechanisms to recognize and reward water suppliers' long-term compliance (i.e., two consecutive review periods) with the Urban MOU.
- (5) Discussion of other incentives/disincentives are to be considered by the BD-PAC, the Policy Group and other appropriate CALFED decision-making bodies.

³⁰ WUE implementation financial assistance includes grants to water suppliers for implementing local programs. This would not affect a water supplier's eligibility to receive technical assistance (in the form of information and consultation from CUWCC or CALFED agencies), loans and/or technical assistance funding (i.e., feasibility study grants), as these tools can help water suppliers return to compliance.

³¹ These incentives/disincentives apply to all retail water suppliers with 20,000 or more connections and wholesale water suppliers with average annual deliveries of 3,000 or more acre-feet.

³² These incentives/disincentives would apply only to retail water and wholesale water suppliers subject to exemption and MOU compliance reviews by the State Board.

Appeals

The State Board will develop and administer an appeals process for BMP exemptions, variances and MOU compliance determinations that is consistent with existing State Board appeals structures and processes. It is anticipated that appeal decisions would be made at the Board level.

Relationships Between Wholesale and Retail Urban Water Suppliers

There have been ongoing discussions between stakeholders to address appropriate implementation program requirements between wholesalers and retailers. Based on these discussions and consistent with the ROD's reliance on the MOU, CALFED staff proposes the following:

- (1) Refinements to the current wholesale water supplier BMP 10 that set measurable performance standards are appropriate. These performance standards should adhere to the spirit and intent of the existing wholesaler BMP. It is recognized that revisions to the financial support, technical support, and program management provisions of the BMP are required to achieve this objective. Development of any set of measurable performance standards should be informed by a review of wholesale supplier programs and policies that have successfully supported BMP implementation programs in the past.
- (2) Wholesalers' obligations and performance criteria will be formulated within the existing urban MOU framework. Revisions to BMP 10 will be addressed through the CUWCC in accordance with MOU sections 4.2 and 4.3. Wholesalers have requested the CUWCC give priority to this issue so that it may be resolved expeditiously prior to implementation of a certification process. Wholesale water suppliers are committed to working cooperatively with the CUWCC on this issue.
- (3) Wholesale suppliers and retail suppliers (regardless of signatory status) who report conservation activities through the CUWCC reporting mechanisms will receive full credit (consistent with the MOU) within the MOU and acknowledgement for previous BMP implementation.
- (4) As provided for in the MOU, wholesale and retail suppliers will retain local flexibility in designing and implementing locally cost-effective BMP conservation programs, including regional programs designed and/or implemented cooperatively by wholesale and retail suppliers.
- (5) In accordance with MOU section 3.1, it must be recognized that wholesale suppliers have limited control over implementation of BMPs by retail suppliers that they serve and must act in cooperation with those retail suppliers. While wholesale suppliers can and do play a significant supportive role, they cannot be held responsible for levels of implementation by individual retailers in their

wholesale service area.³³ This recognition, however, does not discharge either wholesalers or retailers of their good faith effort responsibilities enumerated in section 4.4. of the MOU.

- (6) Certification program requirements and associated elements (obligations, incentives and disincentives) apply equally to all urban water retailers, whether independent or served by wholesalers.
- (7) Wholesaler and retailer compliance status should not be linked.³⁴ For example, a wholesaler that is in compliance would not lose its eligibility to apply for financial assistance due to the non-compliance status of its retailer or vice versa. Likewise, CALFED agencies shall stipulate that financial assistance granted to wholesalers may not be passed on to retailers who are out of compliance.³⁵

CALFED recognizes that (1) in geographic areas where there are multiple layers of wholesalers, the program's certification requirements may prove redundant and/or burdensome; and, (2) wholesalers that serve only small retailers (under 3,000 connections) may be required to take actions not required of their retailers. Program regulations are to be structured in a manner that acknowledges and eliminates such potential redundancies and inconsistencies among wholesalers and their retailers.

Monitoring/Adaptive Management

- (1) CALFED recognizes the importance of ongoing review and feedback to program management, funding agencies and CALFED regarding implementation and performance.
- (2) Accordingly, implementation of an urban certification framework is to include a strategy for monitoring and evaluating the effectiveness of both MOU implementation and the certification process. As well, CALFED will work to identify and resolve critical data uncertainties underpinning this program. CALFED will work with the State Board, the WUE Subcommittee and other appropriate entities to track program implementation and propose appropriate revisions.
- (3) This process will require close coordination with the CUWCC, as its evolving Memorandum of Understanding (MOU) serves as the foundation for certification.

³³ This provision would not affect wholesaler reporting requirements under the CVPIA. Wholesalers contracting for water with USBR are responsible for their subcontractors' water conservation compliance.

³⁴ See footnote 33.

³⁵ This provision would not affect other eligibility criteria related to the UWMPA.

Regulatory Linkage Considerations

The proposed MOU certification program intersects three existing regulatory processes affecting water supplier water use efficiency planning and program implementation. These are the Urban Water Management Planning Act (UWMPA), the Central Valley Project Improvement Act (CVPIA), and regulatory oversight of investor-owned water suppliers by the California Public Utilities Commission (CPUC). CALFED staff will work with its counterparts to these processes – and other related efforts³⁶ -- to ensure program consistency, equity assurances,³⁷ and a minimum of program overlap.

Urban Water Management Planning Act

The UWMPA currently allows Urban MOU signatories to submit CUWCC BMP reports to satisfy California Water Code 10631 (f) and (g). CALFED staff will work with DWR and the state legislature to extend this provision to all water supplier program participants. Certification program participants will be filing CUWCC BMP reports as part of their obligations to the certification program. Therefore, demand management measures for sections 10631 (f) and (g) will be filed less frequently by water suppliers. Eventually CUWCC BMP reports will become the standard for meeting the terms of these sections of the Act.

Central Valley Project Improvement Act

The CVPIA standard criteria for evaluating water management plans requires urban CVP contractors to implement all applicable BMPs per the MOU. Moreover, these water suppliers are required to submit reports on BMP implementation to the USBR every year and update water management plans for their service areas every five years. Currently, the USBR is shifting reporting of BMP implementation to the CUWCC's BMP reporting system. The proposed MOU certification program would not impose any additional reporting requirements for these water suppliers. Reporting required under CVPIA criteria would also satisfy the reporting requirement proposed for the MOU certification program.

Proposed MOU compliance review requirements are to be integrated with existing CVPIA criteria review processes.

California Public Utilities Commission

The CPUC has regulatory authority over rate setting and capital recovery by investor-owned utilities (IOUs). As such, the CPUC has a role in approving IOU actions related to water use efficiency projects. CALFED staff will work with the CPUC to explore, as soon as possible, the efficacy of initiating an "Order Instituting Investigation" (OII) to identify possible needs and strategies for integrating the proposed Urban MOU Certification Framework with existing CPUC processes.

³⁶ For example, working to improve consistency and/or coordination between CUWCC and Sacramento Water Forum BMPs.

³⁷ Equity assurances would require a common set of evaluative criteria and compliance decisions being made by a common entity.

Additionally, the State Board and the Department of Water Resources will: 1) work to integrate MOU compliance review requirements with existing CPUC processes, and 2) provide the CPUC with regular updates regarding urban MOU certification status and UWMPA conservation plan review status for applicable IOUs.

Funding Considerations

CALFED estimates the State Board will need between \$1.9 million and \$2.6 million per year to administer an urban certification program: \$1.3 to \$1.8 million for the State Board activities and \$600,000 to \$800,000 for the CUWCC activities. These funds would cover both staff and administrative costs associated with implementing their respective certification roles (outlined earlier in this document). These costs are equivalent to an average of \$0.25 to \$0.40 per water user connection per year.

Allocation of costs among wholesalers, retailers, ratepayers, and CALFED agencies is not yet determined. There are a variety of possible fee-based strategies that could be pursued. For example, one strategy might consist of a base component that would cover nominal CUWCC and State Board staffing costs, with an additional increment intended to cover more complicated reviews (such as those involving complex exemptions or “at least as effective as” proposals).

CALFED will work with appropriate stakeholder and CALFED decision-making bodies to develop refined cost estimates and examples of alternative fee-based strategies for further discussion.

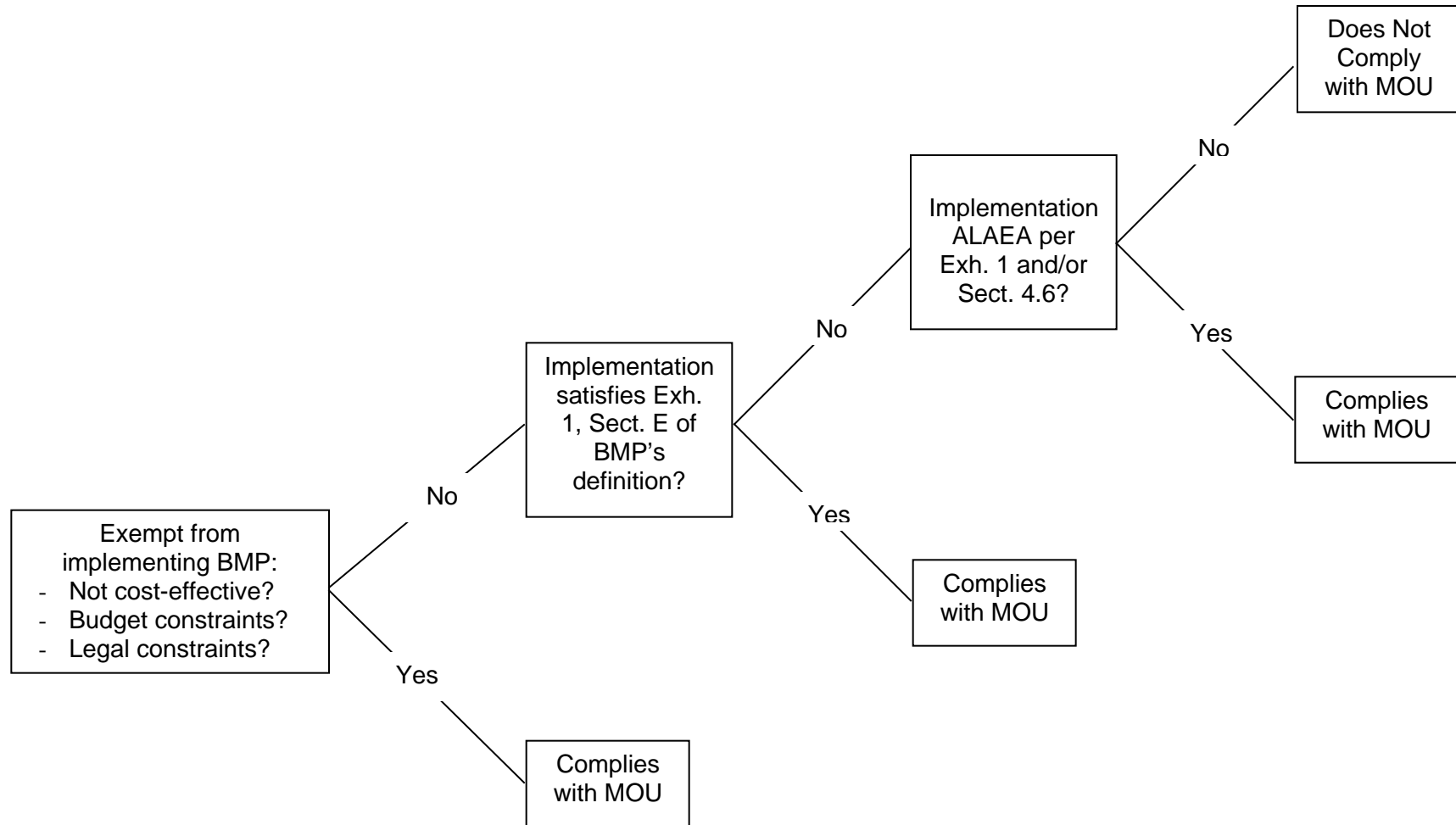
ATTACHMENT 1
Summary of Best Management Practices
Approved 9-30-97 / Effective 7-1-98

1. **Water Survey Programs for Single-Family Residential and Multi-Family Residential Customers.** Develop and implement a strategy targeting and marketing water use surveys to single-family and multi-family residential customers.
2. **Residential Plumbing Retrofit.** Identify single-family and multi-family residences constructed prior to 1992. Develop a targeting and marketing strategy to distribute or directly install high-quality, low-flow showerheads, toilet displacement devices, toilet flappers and faucet aerators as practical to residences requiring them.
3. **System Water Audits, Leak Detection and Repair.** Annually complete a prescreening system audit to determine the need for a full-scale system audit.
4. **Metering with Commodity Rates for all New Connections and Retrofit of Existing Connections.** Require meters for all new connections and billing by volume of use. Establish a program for retrofitting existing un-metered connections and billing by volume of use. Identify intra-and inter-agency disincentives or barriers to retrofitting mixed use commercial accounts with dedicated landscape meters, and conduct a feasibility study to assess the merits of a program to provide incentives to switch mixed use accounts to dedicated landscape meters.
5. **Large Landscape Conservation Programs and Incentives.** Provide non-residential customers with support, education and assistance. Identify accounts with dedicated irrigation meters and assign Eto-based water use budgets. Develop and implement a strategy targeting and marketing large landscape water use surveys to CII accounts with mixed-use meters. Provide information on climate-appropriate landscape design, etc.
6. **High-Efficiency Washing Machine Rebate Programs.** Set goals, objectives and timetables for implementation of this program.
7. **Public Information Programs.** Implement a public information program to promote water conservation and water conservation related benefits.
8. **School Education Programs.** Implement a school education program to promote water conservation and water conservation related benefits.
9. **Conservation Programs for Commercial, Industrial and Institutional Accounts.** Identify and rank commercial industrial and institutional customers according to use and establish long-term implementation targets for the replacement of high-water-using toilets with ULFTs in the CII sector.
10. **Wholesale Agency Assistance Programs.** Wholesale water suppliers to provide financial incentives or equivalent resources, and conservation-related technical support and information to their retail water agency customers to advance conservation efforts and effectiveness.
11. **Conservation Pricing.** Eliminate non-conserving pricing and adopt conserving pricing structures.
12. **Conservation Coordinator.** Designation of water conservation Coordinator.
13. **Waste Water Prohibition.** Enact and enforce measures prohibiting gutter flooding, single pass cooling systems in new connections, non-re-circulating systems in all new conveyer car wash and commercial laundry systems, and non-recycling decorative water fountains.
14. **Residential ULFT Replacement Programs.** Implement programs for replacing existing high-water using toilets with ultra-low-flush (ULFT) in single-family and multi-family residences.

Latest revision March 2000 – Current to July 31, 200

ATTACHMENT 2**Example of BMP Implementation Compliance Tree Per MOU Sect. 4.6 and Exhibit 1**

Below is a conceptual diagram of MOU compliance for BMP implementation. “ALAEA” stands for “At Least As Effective As.”



ATTACHMENT 3**Roster – CALFED Urban Certification Staff Work Group**

Below is a listing of primary participants in the Urban Certification Staff Work Group.

	NAME	ORGANIZATION
Stakeholder Representatives	Mary Lou Cotton	Castaic Lake Water Agency
	Rich Plecker	Fair Oaks Water District
	Chris Dundon	Contra Costa Water District
	Doug Wallace (Richard Harris, alternate)	East Bay Municipal Utility District
	Ed Thornhill (Mike Hollis, alternate)	Metropolitan Water District of So. CA
	Bill Jacoby	San Diego County Water Authority
	Joe Berg	Municipal Water District of Orange County
	Hossein Ashktorab	Santa Clara Valley Water District
	Cheryl Munoz	San Francisco Public Utilities Commission
	Kirk Brewer (Joe Young, alternate)	Southern California Water Company
	Roberta Borgonovo	League of Women Voters—CA
	Fran Spivy-Weber	Mono Lake Committee
	Ed Osann	Natural Resources Defense Council
	Lynn Barris	Butte Environmental Council
	Dana Haasz	Pacific Institute
	Conner Everts	Public Officials for Water & Environmental Reform
CALFED Agency/Partner Representatives	Mary Ann Dickinson	CA Urban Water Conservation Council
	Luana Kiger	CA Department of Water Resources
	Lucille Billingsley Meena Westford	U.S. Bureau of Reclamation
	Jim Bennett	State Water Resources Control Board
Facilitation Team	Tom Gohring	CALFED Bay-Delta Program
	David Mitchell	M.Cubed
	Bennett Brooks Eric Poncelet	CONCUR

Other individuals are also involved, either through more limited participation in meetings or through informal document review. These participants include: Jonas Minton, DWR; Fred Curry, CPUC; Vana Phibbs, Alameda County Water District; Lynne Hulme, Sonoma County Water Agency; and Greg Smith, DWR. Finally, all Work Group meetings are open to interested members of the public.